CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

FEBRUARY 17, 2004

INVOCATION
Pastor Jim Schrotel of Unity Chapel of Light Church gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG
Councilmember Orach led the pledge of allegiance.

CALL TO ORDER
Mayor Lavagnino called the meeting to order at 6:30 p.m.

ROLL CALL
MEMBERS PRESENT
Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino.

ALSO PRESENT
City Manager Ness, Assistant City Manager Haydon, City Attorney Montandon, Director of Administrative Services Cox, Fire Chief Ortiz, Police Chief Macagni, Director of Public Works Karp, City Engineer Sweet, Utilities Manager Chisam, Senior Deputy City Attorney Stockton, Planner III Shipsey, Special Projects Manager Sterling, and Chief Deputy City Clerk Perez.

CERTIFICATE OF APPRECIATION
Councilmember Patino presented a Certificate of Appreciation to Jasmine Marshall, former staff writer for the Santa Maria Times, for her professional and personal contributions in keeping the residents of Santa Maria and the Central Coast informed on local events and community issues for the past three and a half years.

VOLUNTEER OF THE MONTH
Councilmember Mariscal recognized Dawn Cook, the February 2004 Recreation and Parks Volunteer of the Month, for her dedication and commitment to the Northern Santa Barbara County Special Olympics Program as an active volunteer and bowling coach. Ms. Cook was not present to accept.

NAVY AND MARINE CORPS WEEK
Councilmember Trujillo read a proclamation declaring the week of February 21 – 28, 2004, as "Navy and Marine Corps Week" in the City of Santa Maria to acknowledge and honor war veterans of the Navy and Marine Corps who have served to protect and defend our freedom. He presented the proclamation to George Tucay and representatives from the Tin Can Sailors.

CHILDREN'S ORAL HEALTH MONTH
Councilmember Orach read a proclamation declaring the month of February 2004 as "Children's Oral Health Month" in the City of Santa Maria and commending the Northern Santa Barbara County DART, Santa Maria Oral Health Coalition, volunteer dental professionals and other volunteers for their commitment over the last eight years to end the dental suffering of low-income children who have no dental health coverage. He presented the proclamation to Luisa Kinsley, Hector Gonzalez, and students from the Allan Hancock Dental Program.

CONSENT CALENDAR
Councilmember Mariscal requested Items 2B, 2J and 2M be pulled for discussion.

Councilmember Trujillo also requested Item 2J be pulled.

Councilmember Mariscal requested one change in Item 2B, the Minutes of the February 3, 2004 minutes. On page 9 at the bottom of the page, it should have read "commended Chris Vaugh for his presentation at the Kiwanis Club" rather than Rotary Club.

Councilmember Mariscal indicated he was pleased that the City was going to be building Fire Station No. 4 (Item 2J) because it was definitely needed. He asked about the loan and the schedule for repayment.

Director of Administrative Services Cox displayed a breakdown of the funding for the project and explained that a loan might not be necessary due to the rate Growth Mitigation Fee were being received.

Councilmember Trujillo indicated he was happy that A. J. Diani would be building the Fire Station because the company provided a lot of jobs in the community and contributed so much to non-profit organizations in the community.

Mayor Lavagnino commented that Fire Station No. 4 was part of the coverage requested by the Fire Department to be able to respond anywhere in town within five minutes or less.

City Manager Ness announced that a change needed to be made in one of the resolutions on the Consent Calendar. Resolution No. 2004-20, the first paragraph beginning with "it is further resolved," the last line should read "from the Growth Mitigation Fee to the Fire Department Growth Mitigation Fee Account".

In regard to Item 2M, restricted parking for City-owned or maintained parking lots, Councilmember Mariscal asked if something in particular had prompted this action.

City Manager Ness responded it was the Michael Jackson trial.

Consent Calendar Items A through M were accepted with the corrections previously noted, approved with the indicated action, and ordered ratified on motion by Councilmember Orach, seconded by Councilmember Mariscal, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

A. ORDINANCES
Recommendation of City Staff to waive the reading in full of all ordinances. Ordinances on the Consent Calendar will be adopted by the same vote cast at the first reading unless City Council indicates otherwise.

B. MINUTES
The Minutes of the Regular City Council Meeting of February 3, 2004, were approved as corrected.

C. BONDS
Authorization was given to release certain bonds posted in connection with Somerset Gardens, Tract 5801 including release of a Faithful Performance Bond for the construction and installation of McCoy Lane in the amount of $27,000.00 with the order that the Contractor, Labor and Material Bond in the amount of $13,500.00 be held for six months and the Guarantee and Defective Material Bond in the amount of $2,700.00 be held until February 2005; and release of a Faithful Performance Bond for the construction and installation of on-site and frontage public improvements in the remaining amount of $2,875.00 with the order that the Contractor, Labor and Material Bond in the amount of $75,000.00 be held for six months, and that the Guarantee and Defective Material Bond in the amount of $15,000.00 be held until February 2005.

D. PERSONNEL CHANGES
Resolution No. 2004-17 was adopted amending Resolution No. 2004-16 to create the full-time classification of Senior Parks Services Officer and amending the salary.

Resolution No. 2004-17 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING PERSONNEL CHANGES ASSOCIATED WITH THE PARK SERVICES OFFICER (RANGER) PROGRAM.

E. PERS CONTRACT AMENDMENT
Resolution of Intention No. 2004-18 to be adopted approving an amendment to the contract between the Board of Administration of the California Public Employee's Retirement System and the City for Section 21548 (Pre-Retirement Optional Settlement 2 Death Benefit) and Section 21574 (Fourth Level of 1959 Survivor Benefits) for Local Miscellaneous Members.

Resolution No. 2004-18 adopted. RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL CITY OF SANTA MARIA.

Ordinance No. 2004-03 was introduced by title only for first reading authorizing an amendment to the contract and continued to the meeting of March 16, 2004, for second reading and adoption.

Ordinance No. 2004-03 introduced. AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA AUTHORIZING AN AMENDMENT TO THE CONTRACT BETWEEN THE CITY COUNCIL OF THE CITY OF SANTA MARIA AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND DECLARING THE URGENCY THEREOF.

F. WARRANTS
Warrant Nos. 110624 to 110884 in the amount of $2,263,317.72 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant Nos. 105850, 109093, 110278, 110575, 106207, and 110668 were cancelled.

G. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads as shown on records on file in the Administrative Services Department and having been approved for payment by the Director of Administrative Services.

H. ORDINANCE NO. 2004-02
Second reading was conducted of Ordinance No. 2004-02 amending Title 4, Chapter 10 of the Santa Maria Municipal Code relating to taxicabs, and the Ordinance was adopted.

Ordinance No. 2004-02 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA ADDING A NEW CHAPTER 4-10, RELATING TO TAXICABS.

I. LOCAL EMERGENCY
Resolution No. 2004-19 was adopted continuing the proclamation of a local emergency in the City due to a 6.5 magnitude earthquake that occurred near San Simeon on Monday, December 22, 2003, and subsequent on-going aftershocks.

Resolution No. 2004-19 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA CONTINUING THE EXISTENCE OF A LOCAL EMERGENCY WITHIN THE CITY OF SANTA MARIA.

J. FIRE STATION NO. 4
Resolution No. 2004-20 was adopted, with one noted correction, approving an agreement with A. J. Diani Construction Company, Inc. for Santa Maria FIRE STATION NO. 4, BID NO. 2004/05 in the amount of $1,471,000.00.

Resolution No. 2004-20 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A CONTRACT WITH A. J. DIANI CONSTRUCTION CO., INC. FOR SANTA MARIA FIRE DEPARTMENT STATION NO. 4, BID NO. 2004/05.

K. AUTHORIZATION TO CALL FOR BIDS
Authorization was granted to call for bids on the plans and specifications for North Blosser Road Bridges at Donovan Road and Cox Lane, Bid No. 2004/08.

L. NOTICE OF COMPLETION
Council approved the filing of a Notice of Contract Completion for Broadway and Morrison Intersection Improvements, Bid No. 2002/12.

M. RESTRICTED USE PARKING
Resolution No. 2004-21 was adopted approving the establishment of restricted use parking with tow-away enforcement for all City-owned and maintained parking lots.

Resolution No. 2004-21 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ESTABLISHING RESTRICTED USE PARKING WITH TOW-AWAY ENFORCEMENT FOR ALL CITY OWNED AND MAINTAINED PARKING LOTS PURSUANT TO SECTIONS 21113 AND 22651(N) OF THE CALIFORNIA VEHICLE CODE.

PUBLIC COMMENT
Rev. William Smith spoke regarding discriminatory hiring practices at the Santa Maria-Bonita School District and the Santa Maria Joint Union High School District.

Holly Caan spoke regarding children under 18 years of age riding bicycles and scooters on Donovan Road without helmets.

Gillian Andrews, Executive Director of the Dunes Center, spoke regarding the new Dunes Visitor Center that was proposed and invited the Council to attend an unveiling of the proposal on Wednesday, February 25th.

James Watson spoke against fluoridation of City water.

PRESENTATION BY SMJUHSD
A presentation was made by Mr. Jeff Hearn, Superintendent of the Santa Maria Joint Union High School District, on Measure V. Measure V is a $98 million dollar school bond designed to address the dire facility needs of high school students in the area. This ten-year facility plan is the culmination of a five-year effort on the part of the Board of Trustees of the Santa Maria Joint Union High School District to accommodate the growing number of students coming into our community and schools. The School District serves six feeder districts including Guadalupe, Orcutt, Blochman, Casmalia, Los Alamos and Santa Maria-Bonita. It includes Santa Maria High School, Righetti High School, Delta High School, and the new Pioneer Valley High School scheduled to open in August. Pioneer Valley High School will only provide a small window of relief before overcrowding will again impact all three high schools. There are currently 3,700 students attending Santa Maria High School designed to accommodate 1,450. Righetti High School, also built for 1,450 students, has an enrollment of 2,500. By the year 2006, Pioneer Valley High School will have 2,700 students, 600 over its capacity. High school enrollment is estimated to increase by 1,100 students over the next three years. This does not take into account the new students generated from the thousands of homes to be built. Measure V is designed to provide the requisite 50 percent match in funding provided by the state for new high schools, to modernize Righetti and Santa Maria High Schools, to replace portables with permanent building structures, to build a continuation school, and to provide upgrades in facilities for Santa Maria and Righetti High Schools. The Board of Trustees of the Santa Maria Joint Union High School District urges the City Council and citizens of the City to support Measure V.

Liz Howell, Chairperson for the Measure V Bond, reiterated Dr. Hearn's comments and urged support of Measure V.

Ernest Armenta spoke against Measure V and against the school districts taking property to build schools. He urged voters to vote no on Measure V.

Councilmembers individually expressed support of Measure V, but took no action.

PRESENTATION BY CHAMBER OF COMMERCE
Mr. Robert Hatch, Chief Executive Officer, and Ms. April Tunnell, Visitor and Convention Bureau Manager, from the Santa Maria Valley Chamber of Commerce presented the Chamber's Semi-Annual Report. The first half of the 2003/04 fiscal year was filled with

positive changes and growth in the local tourism industry. There was an 11 percent increase in Transient Occupancy Tax (TOT) collections. The total TOT collected was $1,060,623.48 during this time period. The Visitor and Convention Bureau launched a new website which offers a trail map of local wineries, descriptions of each winery and winemaker, an events calendar, and contact information to promote the Santa Maria Valley as a Central Coast wine destination. Another new website promotes Santa Maria Valley's championship golf courses. An after-hours entertainment list was created to promote coffee houses, restaurants, and local bars that provide evening entertainment. A new Winter Escapes Discount Booklet was created to give visitors information on seasonal discounts on hotels, attractions and restaurants. The Bureau also aired a 30-second commercial twenty-five times in the Orange County area on November 10 and 11, 2003. The advertising media concentrated on the western United States, especially the greater Los Angeles area and Central Valley regions. Advertising placement included publications, brochures and newspapers. In addition to advertising placed by the Chamber, the Santa Maria Valley was highlighted in several publications and newspapers such as the *Inland Empire Business Journal* and *Wine Country Living* as well as many others. In November, a representative from the Visitors and Convention Bureau attended the National Tour Association Annual Convention with over 3,000 travel professionals and more than 525 group tour planners. The Bureau created a 22-page guide describing the Fairpark facilities. Also during the first half of the fiscal year, the Bureau allocated $20,000 from the Special Projects Grants Program to many local organizations.

Mayor Lavagnino commended on the Chamber of Commerce on the report. The report was received and filed.

ARCO MINI-MART APPEAL

This is a continued public hearing regarding an appeal of a Planning Commission denial for sale of alcohol at the Arco Mini-Mart and Gas Station to be located at 1000 East Betteravia Road. This item was continued from the October 21, 2003, and January 6, 2004, meetings at the request of the appellant. On January 29, 2004, the project applicant/appellant submitted a letter withdrawing his appeal.

Ernest Armenta requested the City Council reconsider their position and give ARCO or someone else the opportunity to sell alcohol with gasoline in the future.

On motion by Councilmember Orach, second by Councilmember Trujillo, and carried unanimously, the item was withdrawn from the agenda.

ECONOMIC DEVELOPMENT ELEMENT

Director of Community Development Lindsey and Planner III Shipsey gave the staff report. The Economic Development Element is an optional element of the General Plan that seeks to guide City policy with the aim of creating more jobs at higher incomes, thereby raising the prosperity of Santa Maria. The idea to create an Economic Development Element came during the Mayor's Housing Task Force meetings in 2002. The Mayor's Housing Task Force report identified the root causes of such ills as overcrowding, largely stemming from rapidly rising housing prices coupled with stagnant, low wages. It was learned that 66 percent of Santa Maria's work force earned an average of $18,000 per year. The impact of low wages and/or too few jobs finds its way into virtually every aspect of a community. Housing becomes unaffordable, leading to overcrowding. Travel, food, and medical expenses become overwhelming; impacting the family and the social systems that provide service. Substantial input and participation was obtained from the Economic Development Association (EDA), the Chamber of Commerce, schools, and citizens. The Economic Development Element is primarily a toolbox of new or tested tools to use in order to create jobs. These tools range from identification of target industries to formation and use of a SWAT Team, a team of professionals, who are essentially on-call to meet with business prospects. Only about 17 percent of the City's households can qualify for a $300,000 home. The largest wage sectors include service, retail trade, and agriculture industries which are not generating the wages necessary to be able to afford the available houses. Last year Santa Maria built over 1,000 housing units, 60 percent were single family and 12 percent were condominiums. However, the people buying those units were commuters or investors which has an impact on roads and services. Policy No. 6 seemed to generate the most response from the public. Policy No. 6 recommends that industrial property not be rezoned unless an equal or great amount of land is zoned to an industrial classification prior to or during the zoning process.

Director Lindsey thanked the Chamber of Commerce, the Economic Development Association, Allan Hancock College, and the members of the public who provided input into the document.

Mayor Lavagnino opened the public hearing.

Bob Hatch, Chief Executive Officer for the Santa Maria Valley Chamber of Commerce, thanked Director Lindsey and his staff for allowing the Chamber to participate in the development process of the Economic Development Element.

Dave Cross also thanked Mr. Lindsey and his staff for allowing the Economic Development Association to participate. He urged the City Council to adopt the Element.

Joan Leon spoke in support of the document. She talked about the current workforce being principally service based, retail trades, or agriculture and the need to encourage higher paying industries to move into the community. She spoke in favor of mixed use zoning especially in the Four-Square Mile area.

Laurie Tamura spoke in support of adoption of the Economic Development Element. She commended staff on the revised version and indicated it was much more complimentary to the community than previous drafts. She voiced concern regarding Policy No. 6 indicating there were a lot of smaller industrially zoned properties that were no longer right for industrial uses.

Ernest Armenta expressed concern that only 17 percent of the City's population could afford to buy the new houses that were being built.

There were no further public comments. Mayor Lavagnino closed the public hearing.

Councilmember Mariscal commented that if industrially zoned property is still being used for industrial purposes, a developer requesting a zone change should be looking for replacement industrial property. The Economic Development Element is a tool to be used by the City. He asked if there was a way to survey the people who are commuting out of the City to work and determine what types of employees live in the City but work elsewhere. That information could be used to solicit certain types of businesses to come to the City. He also asked about the SWAT team and how it would be effective.

Director Lindsey responded that sometimes there was only one chance to meet with a prospective company that had the potential to generate a lot of jobs in the community. The City did not want to lose a chance to make a good impression. It needed to have trained people and a good presentation ready to take advantage of those opportunities.

Councilmember Patino commented that 32 percent of the City's population was foreign born, some with low entry skills and minimal education. There is a gap in education in the Santa Maria Valley. Something needs to be done to fill that gap. She asked if there was also remnant light industrial property.

Director Lindsey replied there might be some, but it was generally the heavy industrial that needed to be protected and was the best fit for rezoning because of the parcel size. He indicated that there were steps the citizens could take to be able to afford a home. The City also needed those types of industries that would meet the gap and provide opportunities for these people to improve their income levels.

Councilmember Orach asked about the time frame for getting a GIS system on line for the City.

Director Lindsey responded there was a very active committee working on selecting a GIS system with a possible target date of 2008.

Councilmember Trujillo indicated the City did need trade schools. If the City can encourage more brain power to move into the City, it would not be long before industries that can use that brain power would move in as well. Companies will be moving here because other areas are becoming unaffordable.

Mayor Lavagnino commented on the increase in agricultural production in Santa Barbara County and the huge increase in agriculture workers living in the City.

Resolution No. 2004-22 was adopted on motion by Councilmember Mariscal, second by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2004-22 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA DIRECTING THE FILING OF A NEGATIVE DECLARATION, E-2003-036, FOR THE ECONOMIC DEVELOPMENT ELEMENT OF THE GENERAL PLAN, GP-2003-003.

Resolution No. 2004-23 was adopted on motion by Councilmember Mariscal, second by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2004-23 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA APPROVING THE ECONOMIC DEVELOPMENT ELEMENT OF THE GENERAL PLAN, GP-2003-003, E-2003-036.

SMAT SUNDAY SERVICE AND FARE INCREASE

City Engineer Sweet gave the staff report. Santa Maria Area Transit (SMAT) is experiencing difficulty in achieving the farebox ratio of 20 percent that is required by the Transportation Development Act (TDA). This is primarily due to a significant increase in operating costs of our operations contractor, SMOOTH. Additionally, SMAT riders have requested Sunday service. Rider surveys in August 2003 revealed 75 percent approval of a fare increase, contingent upon the initiation of Sunday SMAT bus service. During the public outreach that is required by the Federal Transit Administration (FTA), over 100 SMAT riders attended an informational workshop regarding Sunday service and fare increases and unanimously supported both. Of the $2.7 million annual SMAT budget, Transportation Development Act funds provide approximately $1.7 million. For a transit system to be eligible for TDA funding, the farebox ratio must exceed 20 percent. New services, such as expanded routes or longer service hours are exempt from the farebox ratio requirement for a period of two full fiscal years after the fiscal year of expansion of services. The unadjusted SMAT farebox ratio for FY 2002-03 was 18 percent. While SMAT currently has an exemption due to a service expansion which was implemented in January 2002, that exemption expires in June 2004. The two ways to improve farebox ratio is to lower operating costs by decreasing service and/or raise fees. Reduced service usually results in a decrease in ridership, and a decrease in fares collected. SMAT presently provides no bus service on Sundays. A survey of SMAT riders indicated that 86 percent want Sunday service. Since Sunday ridership is usually lower than weekdays, instituting Sunday service without a fare increase would cause the overall system farebox ratio to decline to close to 14 percent.

Mayor Lavagnino asked if Mr. Sweet had projected what the farebox ratio would be once the fare increase became effective.

City Engineer Sweet replied they would barely meet the 20 percent mandate.

Councilmember Orach asked what the average fare was to ride the bus.

Joe Rye, Transit Manager, indicated that in the fall of last year it was under $.40 per ride with the discounts and the monthly passes.

Councilmember Orach commented that based on what other cities charge, SMAT was not even getting to an appropriate level to meet its 20 percent farebox ratio with the new increase.

Mayor Lavagnino directed staff to bring this back to the Council if the farebox ratio slipped below 20 percent.

Councilmember Trujillo said he was glad to see Sunday service being added for the senior citizens who wanted to get to church.

Councilmember Patino asked when advertising prices were increased last.

City Engineer Sweet responded it was about two years ago; however, advertising was a very small percentage of the operating costs for the system.

Resolution No. 2004-24 was adopted on motion by Councilmember Mariscal, second by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2004-24 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A FARE INCREASE AND INITIATION OF SUNDAY TRANSIT SERVICES FOR SANTA MARIA AREA TRANSIT.

WORKFORCE HOUSING REPORT

Planner III Shipsey gave the staff report. When the City Council adopted the Housing Element on November 18, 2003, the Council directed staff to study and report back on the issue of workforce housing. The Santa Maria workforce is generally defined as those people currently working in the Santa Maria city limits. Workforce housing is simply the housing located in Santa Maria provided for the people who have jobs that are based in the City of Santa Maria. Affordable housing is generally considered to be housing that requires the household to spend no more than 30 percent of the household income for rent or mortgage, debt service, insurance, and needed utilities. The California Housing and Community Development Department defines overcrowding as having more than 1.0 person per room and severely overcrowded units as having more than 1.5 persons per room. Providing adequate workforce housing opportunities is an objective of the Housing Element of the General Plan. Because the data indicates housing unaffordability as an issue affecting resident-workers and employers alike, workforce housing issues directly threaten the future economic prosperity and quality of life in Santa Maria. Both the Housing Element and the Economic Development Element recognize a need to provide various housing types for line workers, supervisors, managers and owners. The Housing Element identifies key factors related to workforce housing needs. Housing costs are increasing faster than wages are increasing. Housing is a commodity that is subject to market forces not controlled by the City. Santa Maria cannot generate enough housing to meet the regional demand. Three types of workforce housing programs are available for Council consideration policy-type workforce housing provisions, municipal code mandated workforce housing program participation; and case-by-case workforce developer agreements. There are approximately 3,351 assisted housing units in the City currently which represents over 13.3 percent of the City's housing stock of 25,162 units. Of those 3,351 units, 1,508 are directly assisted low-income households and 1,843 are Section 8 Housing Choice vouchers. The City of Santa Maria has 47 percent of all the housing units built in Santa Barbara County.

Joan Leon spoke in favor of inclusionary housing. The City needs to take into account the farm workers who live in the City but work outside the City limits in the County areas, and work with the County to solve the housing problem. She also talked about People's Self-Help Housing being a CHOTO that the City could work with to provide housing for low-income families. She recommended a trust fund be set up where developers could pay a fee instead of providing low-income housing. She also recommended public safety workers be given priority so they could afford to purchase housing in the City.

Laurie Tamura indicated workforce housing was a tool in the Housing Element. She requested the Council send this back to staff to work with the Homeowners' Association, the Builders' Association, and the construction community.

Councilmember Orach stated he agreed this needed further study. He said there were opportunities that could generate housing. Preferential treatment for people who live and work in Santa Maria would eliminate a lot of people in the community who work outside the City

limits. He said he didn't believe HUD's income numbers truly reflected the population of Santa Maria. The building industry needed to be involved in discussions about workforce housing.

Councilmember Patino indicated the report encompassed a lot of information. There were a lot of areas in California and across the nation that did not have affordable housing. When talking about workforce housing, that did not necessarily mean low-income housing. With regard to inclusionary housing, she had been told that people who sacrifice and save to be able to buy the home of their dreams, did not want to subsidize someone who had not made those same sacrifices. The City is going to have to work with Santa Barbara County to solve the farm worker housing problem. She agreed it needed some more study.

Councilmember Mariscal said he appreciated staff's work on the report. He also felt it needed more discussion and offered to work with the building community. People that work for the City could not afford to buy a home. Developers say it is the market that is driving the price of homes up. If a developer penciled out a housing tract at $230,000 but during construction the prices of new homes rose to $320,000; that is an additional $90,000 profit for the developer on each house. The cost to build the house did not go up $90,000. The City needs to find a creative way to solve the problem of workforce housing. It should go back to staff for more study.

Mayor Lavagnino agreed and directed the item be referred back to staff for further study and to hold public hearings or workshops to obtain public input. He directed it come back to Council in 180 days.

City Manager Ness indicated he had received a telephone call from Jerry Bunin, Government Affairs Director for the Home Builders' Association, who had asked for more time to review the document.

SUPPORT OF PROPOSITIONS

City Manager Ness gave the staff report. Proposition 57, The Economic Recovery Bond Act, would authorize a one-time bond of up to $15 billion to pay off the state's accumulated General Fund deficit as of June 30, 2004. The Bond Act is tied to the California Balanced Budget Act, Proposition 58. If Proposition 58 does not pass, the Recovery Bond Act does not take effect. The Economic Recovery Bond would replace the $10.7 billion deficit-financing bond previously authorized. The $10.7 billion bond would have diverted a one-half cent portion of sales tax from local government to a special fund with an additional diversion of property taxes from school districts to local governments to offset the sales tax loss. It also would have added state General Fund payments to school districts to replace their lost property taxes. The proposed $15 billion Proposition 57 bonds would follow the same repayment method, except the amount of sales tax diverted would be one-quarter cent instead of one-half cent. The state General Fund would still bear the full cost of the bond. One major difference between the two bond acts is the length of time to repay the debt. Under the $10.7 billion deficit-financing bond, the bond would be repaid in five years. The $15 billion proposal would be paid off in 9 to 14 years. Proposition 58, The California Balanced Budget Act, requires enactment of a balanced budget. Currently, the State Constitution contains a provision that mandates the Governor to submit by January 10th of each year, a state budget proposal which is balanced. It does not, however, apply to the budget finally enacted by the Legislature or signed by the Governor. During the past several years, the Legislature has met in special session to address mid-year budget shortfalls. There is no process to require that corrective measures be taken at mid-year to bring the budget into balance. Proposition 58 would allow the Governor to proclaim a fiscal emergency in specific circumstances, and submit proposed legislation to address the emergency. It will also require the Legislature to act immediately on the proposed emergency legislation. Proposition 58 also prohibits any future deficit bonds being issued. Another major provision of Proposition 58 is the establishment of a budget reserve. If passed, Proposition 58 would establish a special reserve fund called the Budget Stabilization Account. A portion of estimated annual General Fund revenues would be transferred into this account no later than September 30 of each fiscal year. The specific transfers would be 1 percent in 2006-07, 2 percent in 2007-08, and 3 percent in 2008-09 and subsequent years. This action would continue until the balance in the fund reaches $8 billion or 5 percent of General Fund Revenues whichever is greater. This transfer requirement would be triggered whenever the balance falls below the $8 billion or 5 percent amount. However, the transfers may be suspended or reduced by executive

order of the Governor no later than June 1st of the preceding fiscal year. Fifty percent of the annual transfers into the Budget Stabilization Account would be allocated to a subaccount and designated for repayment of the deficit-recovery bond authorized by Proposition 57 up to a cumulative total of $5 billion. Flexibility is provided in the language of Proposition 58 to allow allocation of monies from the reserve fund to the General Fund through a majority vote of the Legislature and approval of the Governor.

Mayor Lavagnino indicated the City needed to inform the public that if these propositions did not pass and the State cut the Vehicle License Fees to cities, the City of Santa Maria could permanently lose $4.6 million from its budget. There would have to be some important decisions made regarding City services.

Ernest Armenta stated the City should have brought this issue before the voters before now. He again recommended a legislative committee be established to get information out to the voters. The taxpapers should not have to pay for the mistakes and poor planning of City Councils, Boards of Supervisors, and Governors. He urged the voters to defeat both propositions.

James Watson agreed. He said Governor Davis had gotten the State into its financial crisis because of buying surplus electricity.

Councilmember Mariscal indicated the Secretary of State had sent out a complete package of information regarding all the propositions on the ballot several weeks ago. Voters have a responsibility to become informed on the issues.

Councilmember Patino commented that if these propositions did not pass, it would have such a negative impact on the City of Santa Maria. It is difficult to ask people to support politicians who have not spent their money wisely; but the City of Santa Maria has been managed very well and has not spent frivolously. If this does not pass, the people will pay another way because the City will have to cut services to its citizens.

Mayor Lavagnino stated the City of Santa Maria was very well run. All you had to do was look at the ratio of employees to population in Santa Maria compared to other cities to see that. The City has very good reserves, but not enough to make up $4.6 million if the Vehicle License Fees go away. There will be cities that will go bankrupt.

Councilmember Trujillo stated many people do not like the two propositions; but if they do not pass, there will be big problems for the City. When you see both Republicans and Democrats supporting the propositions, it shows how critical the situation is.

Councilmember Orach stated this was a short-term solution. The City wisely started a reserve fund several years ago and that fund has enough to weather the storm for a while. Some cities will be devastated.

Resolution No. 2004-25 was adopted on motion by Councilmember Mariscal, second by Councilmember Trujillo, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2004-25 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA IN SUPPORT OF PROPOSITION 57.

Resolution No. 2004-26 was adopted on motion by Councilmember Mariscal, second by Councilmember Trujillo, and carried on the following vote:

AYES: Councilmembers Mariscal, Orach, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2004-26 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA IN SUPPORT OF PROPOSITION 58, THE CALIFORNIA BALANCED BUDGET ACT.

REPORT BY CITY MANAGER
City Manager Ness reported on items for the March 2, 2004, City Council meeting including a public hearing regarding the Mabel Dias/Silva Estates project, semi-annual report by the Economic Development Association, and an appointment to the Recreation and Parks Commission.

ORAL REPORTS OF COUNCILMEMBERS AND OFFICERS
There were none.

CLOSED SESSION
The City Council recessed at 10:02 p.m. to a Closed Session for Conference with Legal Counsel regarding existing litigation pursuant to Subsection (a) of Government Code Section 54956.9 to discuss Santa Maria Valley Water Conservation District v. City of Santa Maria; Wagener v. City of Santa Maria; and Conference with Legal Counsel regarding Initiation of Litigation – two matters pursuant to Government Code Section 54956.9 (c).

Santa Maria Valley Water Conservation District v. City of Santa Maria – Status report. Direction to staff.

Initiation of Litigation – Direction to staff.

Initiation of Litigation – Status report.

Wagener vs. City of Santa Maria – Status report.

ADJOURNMENT
There being no further business to come before the City Council at this time, the meeting was declared adjourned at 11:16 p.m. by order of Mayor Lavagnino.

APPROVED 3-2-04
Date

Patricia Pierce
Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST: Patricia Pierce
Chief Deputy City Clerk

S. Lavagnino
Mayor of the City of Santa Maria